



Analysis: Texas grand jury's investigation of House Majority Leader Tom DeLay's political action committee

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MELISSA BLOCK, host: The Texas Legislature tore itself apart earlier this year in an unusual effort to redraw district lines for congressional seats. The maps that were finally passed after two walkouts by Democratic lawmakers could mean seven or more new GOP seats in Congress for the Lone Star State. The catalyst for this transformation was the 2002 election, when, for the first time in 130 years, Republicans captured the Texas House of Representatives. And an architect of the plan was Tom DeLay, the majority leader in the US House. Now, as NPR's Wade Goodwyn reports, a key political action committee connected to Tom DeLay is under investigation by a Texas grand jury.

WADE GOODWYN reporting: It's called TRMPAC and its name, Texans for a Republican Majority, frankly describes its purpose: to win the Texas House of Representatives for the Republican Party. Last year, Tom DeLay's political action committee steered hundreds of thousands of dollars into 22 key races in the Texas House. The result was a resounding success, throwing the balance of power in Austin to the GOP.

But now Austin District Attorney Democrat Ronnie Earle is investigating whether the House majority leader's PAC illegally used its corporate contributions.

Mr. RONNIE EARLE (Austin District Attorney): Our investigation of TRMPAC is to answer the question of whether TRMPAC violated Texas law by spending corporate money to pay for expenses that were political expenses rather than administrative expenses.

GOODWYN: In Texas, political action committees can spend corporate contributions for their own administrative expenses, but they're not allowed to give financial aid to political candidates the PAC supports. Earle says a grand jury is now investigating whether TRMPAC illegally concealed hundreds of thousands of dollars of corporate contributions.

Mr. EARLE: It's about hiding money and sources of money in public elections. And when public elections are controlled by secret money, democracy dies. The whole purpose of DeLay's efforts is to, it seems to me, install a permanent corporate-funded political machine insulated from the public.

GOODWYN: While there might be some question about the legality of the way TRMPAC reported and spent its donations, there's no question about the results. TRMPAC provided more than a million dollars for Republican candidates running for the Texas House. It was an historic fund-raising effort and a resounding success. Republicans went from 72 members to 88 members in the House, 12 past what they needed for a majority. And that would've been that, except for a government watchdog group in Austin which tracks campaign contributions.

Mr. CRAIG McDONALD (Director, Texans for Public Justice): Well, it came to our attention that it looked like TRMPAC was doing some off-the-books campaigning and politicking. That effort raised about \$1 1/2 million, which makes it pretty substantial in 22 House races in Texas. Well, the problem with what TRMPAC did is half of that 1 1/2 million was off the books.

GOODWYN: Craig McDonald is the director of Texans for Public Justice, a Naderesque public interest group which, for the last seven years, has used meticulous research to bedevil Texas Republicans and Democrats alike. McDonald says TRMPAC spent \$600,000 of corporate contributions on candidate support.

Mr. McDONALD: That money was spent on polling, it was spent on fund raising, direct mail and direct phone-call marketing on behalf of this slate of candidates. Under Texas law, that \$600,000 is clearly a political expenditure. And under Texas law, that money had to be reported to the Texas Ethics Commission. But it was not. We only discovered that off-the-books money when we looked at TRMPAC's IRS filings in Washington.

GOODWYN: McDonald says that some of the money that flowed to these Texas House races came from companies that had no interest in the outcome.

Mr. McDONALD: A lot of the corporate money that flowed to determine the outcome of local Texas House elections came from corporate interests that really don't give two hoots about Texas at all. It came from Bacardi, which is headquartered in Bermuda. It came from timber companies; it came from companies that really have a stake in getting access to Tom DeLay.

GOODWYN: DeLay came under scrutiny last year after a Kansas energy company called West Star donated \$25,000 to TRMPAC. West Star was seeking certain special exemptions from federal regulation and went to DeLay to seek his support, which West Star eventually received. Internal West Star memos reveal that company executives believed they could get their exemptions by targeting donations to DeLay and a handful of others on Capitol Hill.

In one exchange of internal company e-mails, a West Star vice president asked another company executive why he was writing checks to a Texas politician when West Star did no business in Texas. The response came that, quote, "DeLay's agreement is necessary," unquote, if the company wanted its exemption in the energy bill. West Star's carefully laid plans finally fell apart after Congress discovered the company was under federal investigation. The exemption language was then removed.

Through a spokesman, Congressman DeLay declined to comment for this story, but at the time DeLay said he was disappointed that people would be so cynical as to suspect there was any quid pro quo involved in the West Star situation. But McDonald believes that Tom DeLay was

determined to redraw the congressional maps in Texas and traded on his position as House majority leader to raise money for those Texas House races.

Mr. McDONALD: DeLay was right in the center of raising the money for TRMPAC. He was chair of the advisory board, he signed the fund-raising letters, and I think people who wanted to make nice to DeLay--the money was put up when Tom DeLay asked it to be put up.

Mr. BILL CEVERHA (Treasurer, TRMPAC): We did not cheat. We played by the book. We had legal advice from day one to be sure we did everything clean so there'd be no question about it.

GOODWYN: Bill Ceverha is TRMPAC's treasurer and in a position to know where the money went. Ceverha says that what's at issue here is a matter of legal definitions. TRMPAC considers money spent on phone-banking operations, issue polling, fund raising and message development to be legitimate administrative spending, not political spending.

Mr. CEVERHA: Those corporate contributions were used to pay for overhead, consultant fees, surveys, whatever. That had nothing to do with the campaigns, nothing to do with the individual campaigns. Corporate contributions were made that helped defray these overhead expenses, and that is done routinely. And there is no clear guideline whatever from the Texas Ethics Commission or state law on how this is to be done. But this is a matter of practice; it's what's been done for years.

GOODWYN: Ceverha says he is disgusted but not surprised by the liberals' complaints and legal maneuvering. Ceverha charges this is sour grapes, that the Democrats simply don't want to accept that the people of Texas have spoken and they chose Republicans.

Mr. CEVERHA: This is obviously a very political thing. They can't get used to the fact that Republicans finally, after 134 years, have control of the Texas House and I think, by the way, did a terrific job. And I'm very proud to have been a part of it and have no hesitation to say that everything we did, as far as I know, was totally legal and played by the book.

GOODWYN: TRMPAC's legal jeopardy does not begin and end with the Travis County grand jury's investigation. Two of the defeated Democratic candidates for the Texas House are suing the political action committee in civil court, accusing the organization of illegally financing their defeat. Depositions in that case begin next week. Austin District Attorney Ronnie Earle refuses to speculate about the possibility or timing of any indictments, saying only that the grand jury's investigation is continuing. Wade Goodwyn, NPR News.